Part I

Introduction

It has long been known that industrial commodity production in the countryside for large inter-regional and international markets was of considerable importance during the formative period of capitalism. Contemporary travel accounts and geographies by authors interested in economics described the extent and variety of industrial activity in the countryside.\(^1\) Spokesmen of the emerging science of political economy dealt with questions arising from this context, but their concerns were more practical and political rather than theoretical: mercantilist writers were interested in promoting export industries which they saw as an important means of achieving a favourable balance of trade as well as increasing the tax base and the economic power of the state. Not only did they discuss the advantages and disadvantages of urban guild privileges and various ways of organizing production and marketing, they also dealt with the relationship between the development of industry – not least of all rural industry – and the development of foreign trade, agriculture, and population.\(^2\)

To be sure, ever since the Industrial Revolution the main interest of economists and social scientists in general has focused on factory industry. But they could not overlook the fact that, until well into the nineteenth century, in most European countries, more value was created and more people were employed in small workshops than in centralized and mechanized production units. However, once it constituted a mode of organization along side the capitalist factory, ‘domestic’ or ‘cottage’ industry, while preserving a remarkable continuity in external appearance, differed in substance from the traditional ‘rural export industries’. It was in this latter capacity that they were studied by economists and commissions of investigation and that they became the concern of political reformers during the nineteenth and early twentieth centuries. Karl Marx was one of the first to draw that dividing line and to point out the significance of both forms of domestic industry. On one hand, he characterized the ‘so-called modern domestic industry’ as ‘an external department of the factory’, as a further ‘sphere in which capital conducts its exploitation against the background of large-scale industry’.\(^3\) On the other hand, he assigned a position of epoch-making importance to the expansion of
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rural industrial commodity production within the formative period of development of capitalist relations of production and capitalism as a social formation. ‘The first presupposition’ of the emergence of ‘large industry’ is ‘to draw the land in all its expanse into the production not of use values but of exchange values’. This occurred when ‘manufacture proper’, i.e. the production of ‘mass quantities for export’, or at least for a ‘general market’, seized the rural ‘secondary occupations’, not least ‘spinning and weaving’, and established itself ‘on the land, in villages lacking guilds’. But Marx never pursued these considerations systematically, just as he never gave a comprehensive account of the historical genesis of capitalism.

A comprehensive attempt to acknowledge the ‘debt which economic theory owes to domestic industry’ (W. Sombart) was undertaken by the Older and Younger Historical School of Political Economy in Germany. Here, as elsewhere, the astonishing persistence of the domestic mode of production generated a growing public interest from the second half of the nineteenth century onward. The development of the sweating system in modern, frequently urban domestic industry, which paralleled the final crisis of the old rural industry, aroused not only social and political concern, but – closely connected with this – also attracted the attention of social scientists. The beginnings of this concern were marked by the social conservatism of the middle classes. But despite its ideological character this interest produced some real results. In Germany a systematic historical approach emerged relatively early in the course of the debate about ‘domestic industry’, ‘domestic manufacture’, and ‘cottage industry’. Such an approach was less evident in the numerous investigations and ‘enquêtes’ about domestic industries and ‘industries à domicile’ in England, France, and other European countries. But the German approach was paralleled in some respects by the far-reaching Russian discussion about kustar’ industries. The socio-statistical investigations in Germany were complemented by a considerable number of analyses dealing with the history of specific industries, among which the works of W. Troeltsch, E. Goethein, and A. Thun stand out. In these works different degrees of emphasis were given to historical interests on one side and contemporary interests on the other. Still, even where the analysis of contemporary problems constituted the central theme, as in the work of A. Thun, the authors took a historical approach.

However, the historical interest in cottage industry developed by German political economists went beyond the writing of monographs about certain industries and individual industrial regions. It also found expression in numerous attempts to conceptualize ‘cottage industry’ systematically as a ‘historical category’. Among the exponents of the older historical school, especially W. Roscher and A. Schäffle – in his role as an ‘outsider’ – such attempts still suffered from a somewhat formal perspective. ‘Domestic industry’ and rural handicrafts were interpreted as a ‘transitional stage between handi-
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craft and the factory’ (A. Schäffle)\textsuperscript{16} and as ‘household manufacture destined for trade’, and consequently as an ‘intermediate step between the factory proper and handicraft’ (W. Roscher).\textsuperscript{17} The origins and diffusion of domestic industry as a handicraft export or rural export industry were explained primarily by the expansion of trade during the early modern period and the resulting bottlenecks of supply which could no longer be overcome within the framework of the guild system. This older ‘theory of craft export and by-occupation’\textsuperscript{18} (W. Sombart) was considerably modified and redefined by the works of G. Schmoller, K. Bücher, and W. Sombart.\textsuperscript{19} They emphasized the specific ‘forms of social organization’ which characterized domestic industry as a historically new ‘system of production’ (G. Schmoller).\textsuperscript{20} As a ‘unique mode of enterprise’ it differed from the handicraft mode of production as much as from the factory system.

To them the decisive factor in this new ‘mode of enterprise’ was the ‘interaction’ of ‘two social classes’ within an asymmetrically structured basic relationship. A primarily domestic production process was dominated and organized by ‘entrepreneurs’ who were traders or putters-out. Schmoller and Bücher identified various historical phases of development and types of relations of production in domestic industry. They based their distinctions on the legal and political framework and the general socio-economic conditions under which cottage industry occurred. But they tended to see these development phases as modifications of the same basic structural relationship.\textsuperscript{21} In essence, two different social classes interact with each other: the artisans are the body and the merchants are its head.\textsuperscript{22} Sombart, in his early works, radicalized the systematic approach which Schmoller had introduced. To him domestic industry was not a hybrid between old and new elements. The various types and phases of relations of production, for example the ‘Kaufsystem’ and the ‘putting-out system’, differed only in degree. He applied Marx’s interpretation of ‘modern domestic industry’ to the cottage industry of the past and regarded the latter as ‘a manifestation of the modern capitalist mode of production’, a ‘form of capitalist enterprise’ whose essential characteristic was the ‘labourer’s dependence on the capitalist entrepreneur’. Sombart maintained that ‘in the case of domestic industry the “production factor” which the capitalist entrepreneur controls does not consist in the whole range of material means of production but rather in the market’.\textsuperscript{23}

These different interpretations of early modern domestic industry as ‘social modes of the organization’ of production and marketing were related to the contrasting ideas which these exponents of the younger historical school of political economists developed in relation to contemporary economic questions. In particular they debated whether a ‘division of labour’ between domestic industry and ‘large industry’ continued to be economically advantageous and whether, therefore, the ‘preservation of domestic industry’ in their own time was desirable from the point of view of social welfare.\textsuperscript{24}
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Despite their diverging opinions, the exponents of the younger historical school of political economists agreed that domestic industry had been of great significance for economic development, especially during the early modern period. According to Schmoller, ‘domestic industry was the predominant form of industry producing for mass markets from the fourteenth to the eighteenth century. Its development and flowering during that period were the primary indications of continuous economic growth and prosperity.’ And Sombart arrived at the following conclusion: ‘The history of domestic industry is the history of capitalism. . . Disguised in the form of domestic industry capitalism likes to steal its way into an economic region. In economic history, therefore, there is at first a period of predominantly domestic industry.’

The historical school of political economists, therefore, deserves credit for having focused on domestic industry as an historically relevant problem of ‘political economy’ and of society in general. Admittedly its members developed and discussed some of the themes which inspire the current discussion about ‘proto-industrialization’, but their perspective was limited insofar as they understood domestic industry primarily as a stage in the historical sequence of industrial ‘modes of the organization of production’, a bias which resulted from their strong focus on the institutional aspects of economic history. Despite comprehensive analyses in the best of their historical monographs, they did not systematically explore the relationship between this industrial development and other sectors of the socio-economic process, especially the development of agriculture and the growth of population.

After the turn of the century the interest in the history of domestic industry gradually became detached from the concern about the contemporary crisis of domestic industry. Moreover, as economic and social history began to emerge as a separate research area and as a special discipline, the study of domestic industry increasingly focused on the historical investigation of various branches of industry, which made the significance of domestic industry, especially for the emergence of the factory system, appear in a new light. This became most obvious when researchers turned specifically toward studying the history of rural industries; when they became interested in its agrarian context; and when they began to regard rural industry as part of the background of the Industrial Revolution. In this approach attempts at systematization receded behind empirical study. When the Russian economic historian J. Kulischer devoted a chapter in the second volume of his general economic history from the Middle Ages to the present (1929) – which is, incidentally, still worth reading – to early modern domestic industry, he could already make use of a considerable amount of research. In 1910, his compatriot, E. V. Tarlé, had presented a survey of rural industries in France at the end of the Ancien Régime. This basic study, valuable to this day, was continued in the work of H. Sée, especially in his little essay of 1923 about the nature of rural industry in France during the
eighteenth century, where he discusses not only its agrarian preconditions but also links it to the factory system.29 This kind of research had developed most vigorously in England where it was stimulated by the interest in the origins of the Industrial Revolution.30 The first efforts in this direction were made before World War I by W. J. Ashley, W. Cunningham, and G. Unwin. Then, during the 1920s and 1930s appeared a series of historical monographs on certain industries, most of which concentrated on individual regions. Because of the nature of their subject, the development of rural industries was at the centre of their concern: E. Lipson, C. Gill, A. P. Wadsworth and J. de Lacy Mann, W. H. B. Court.31 The most important of these monographs is that of A. P. Wadsworth and J. de Lacy Mann about the rural cotton industry in Lancashire. The only work on the continent that matches it is the extremely detailed study of Hondshoote by E. Coornaert.32 In Germany, the younger historical school of political economists, declining though it was, maintained its interest in the history of domestic industry mostly by writing regional industrial histories. But it did not produce a work comparable to that of Troeltsch.33 No less important than the histories of specific industries were regional histories, especially when they aspired to the status of a ‘histoire totale’ of a particular region. At the beginning of the twentieth century, this kind of research work experienced a precocious flowering in the great geographical theses which originated in the school of Vidal de la Blache and were of great significance for French historical scholarship: A. Demangeon, R. Blanchard, J. Sion, R. Musset.34 These works devoted much space to the history of rural industry but nobody really followed up on this approach during the interwar period.35

A new phase in the study of rural industry began in the 1950s and early 1960s.36 Decisive impulses came from the intensification of research in economic and social history. Not only was a new methodology applied to research in economic and social history, but new subject-matters were taken up as well, such as the history of population and the history of the family. Especially in studies of the early modern period, the region became the most favoured research unit, appropriate to the variety of questions that were asked and the subtlety of the methods that were used.37

At the same time, the problems of the underdeveloped world were increasingly discussed: economic growth, development and underdevelopment, modernization and backwardness. In this process there grew up a new awareness of the problems of transition to industrial capitalism in the European metropolitan areas. As early as 1954, Eric Hobsbawm put the emerging rural industries in the context of the seventeenth-century crisis and of the movements of concentration which it produced.38 The interrelationship between agriculture and rural industry was given a new focus in the works of Joan Thirsk and Eric Jones.39 Herbert Kisch, in a series of important studies, placed special
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emphasis on the social and institutional background of rural industry.40 Eckard Schremmer studied the penetration of rural industry into the countryside and undertook to measure it quantitatively.41 In Eastern Europe – despite a remarkable but discontinued initiative in the German Democratic Republic42 – scholars have intensively studied industrial development in the countryside only since the end of the 1960s43 (the 1950s and early 1960s had been devoted to the investigation and discussion of manufactures). The works of Rudolf Braun stand largely outside the context which has been delineated here; they reverse, so to speak, the former perspectives and take as their point of departure the everyday life-patterns of the petty producers.44

These new approaches were taken up by the American historians Franklin F. Mendels and Charles and Richard Tilly, who summarized them and raised them to a new level of conceptualization.45 They not only coined the term ‘proto-industrialization’ to suggest a new research strategy, but also presented a comprehensive framework which made it possible to analyse areas of rural industry, that had emerged during the formative period of capitalism, within the context of socio-economic development in general and to determine their regional as well as supra-regional importance. Convinced that research strategies should be guided by explicit models, they overcame the isolation of individual historical disciplines, such as the history of population, of agriculture or of industry, and integrated them into a research concept whose spatial reach is, admittedly, limited but which makes some of the central questions of the transition from feudalism to capitalism appear in a new light.

The present study takes up the research concept developed by Franklin F. Mendels and Charles and Richard Tilly and develops it further. Proto-industrialization is here conceptualized as ‘industrialization before industrialization’, which can be defined as the development of rural regions in which a large part of the population lived entirely or to a considerable extent from industrial mass production for inter-regional and international markets.46 The significance of the phenomenon becomes apparent when one tries to assign it a place in the socio-economic process. Viewed from the long-range perspective, it belongs to the great process of transformation which seized the feudal European agrarian societies and led them toward industrial capitalism. On closer inspection, however, it becomes clear that proto-industrialization could establish itself only where the ties of the feudal system had either loosened or were in the process of full disintegration.47

The first phase of the process of disintegration undergone by the feudal system dates back to the high Middle Ages. The manorial economy, the core of the feudal system, had to operate under fundamentally changed circumstances as a division of labour mediated by the market was established. The new division of labour found expression in the emergence of a dense network of towns. Its preconditions lay in sustained population increase as well as in the growing productivity of the agrarian sector. Owing to the penetration of
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market relations into the countryside, to the growth of towns, to the settlement movement, and to the class relations which changed under the influence of these processes, feudal lords came to consider it economically advantageous to relinquish the old system of appropriating social surplus labour, because the transaction costs (which arose from enforcing and supervising labour services) were too high. Moreover, seigneurial means of control weakened to such an extent that it became necessary to transform labour services into rents in kind and money rents, to dissolve the manorial estates, and, thus, to put the relations of appropriation on a new foundation, more consistent with the changed environment but also much more vulnerable.\textsuperscript{46}

The division of labour between town and countryside, which had emerged during this first phase, and the process of differentiation and polarization within the rural population, which was fostered by this division of labour, determined the origins of proto-industrialization. While at first the division of labour between town and countryside had been the engine of the growth of industry, it turned into its crucial obstacle in the course of the historical process, because in the urban economy the supply of labour and materials was inelastic and was kept that way by the economic policies of the guilds. Merchant capital solved this problem by shifting industrial production from the town to the countryside where the process of differentiation and polarization had created a resource in the form of labour power which could easily be tapped by merchant capital.\textsuperscript{49}

Thus, proto-industrialization, due to its timing, belonged to the second phase of the great transformation from feudalism to capitalism. It was indeed one of the driving forces during this second phase. In conjunction with other factors it developed a dynamic which, by the end of the eighteenth century, enabled the most advanced and the most ‘industrialized’ agrarian societies of Europe to break away from the Malthusian cycle of population growth, declining income per head, and food crises.

Proto-industrialization, however, was not the only driving force during that phase. Changes in the agrarian sector, which continued to predominate over the industrial sector, at least when one considers the larger territorial units, can only partially be explained by proto-industrialization. To a considerable extent, they themselves constituted a factor which, in its turn, determined the course of proto-industrial development as well as the transformation process in general. Even within the secondary sector, other phenomena besides rural industry are relevant to the question of transition from feudalism to capitalism. It is true that the handicrafts which produced for local demand do not need to enter the discussion about the forces which propelled the great transformation process, even though in most countries such handicrafts probably still predominated quantitatively. Of greater importance as a dynamic force were the urban\textsuperscript{49} crafts exports, despite the fact that they were largely displaced by rural industry, or at least deprived of their dominant position. The early centralized manufactures admittedly gave rise to capitalist relations of
production more rapidly and more completely than did domestic mass production. But the latter was far more important both in terms of the number of labourers that it employed and in terms of the value it created. Such larger manufactures were often directly related to the dispersed rural production units, and complemented their production procedures or sometimes substituted for them. This is particularly true for the textile sector which, as a consequence of its mass-market potential, was the most important branch of industry before the period of industrial capitalism and which became the leading sector during the transition to industrial capitalism. Insofar as there existed a direct relationship between centralized manufactures and dispersed domestic workshops, ‘manufactures’ will be included in the following discussion of ‘proto-industrialization’; manufacture as a ‘work of economic artifice’ will be viewed from its ‘broad foundation’ (K. Marx). 31

In spite of these qualifications proto-industrialization is to be understood as one of the central elements which mark the second phase in the disintegration of the feudal system and the transition to capitalist society. This thesis is borne out by the fact that the relations of production in proto-industrial regions are of this transitional character. Since industrial commodity production could not be maintained under feudal modes of organization – at least not to the same degree as was possible for agricultural market production – a large segment of the population was only partially integrated into the feudal system or came to stand outside it. In addition, agrarian relations of production in regions of rural industry were affected by proto-industrialization. The development of proto-industry required not only a certain loosening of feudal ties, but it also advanced their disintegration. For example, in eastern European areas of rural industry labour services were more and more commuted into money rents.

Moreover, the very formation of proto-industrial regions meant a significant progress in the inter-regional division of labour, as ever larger parts of the population were drawn more deeply into inter-regional market relations. Proto-industrialization, therefore, necessarily had consequences for the entire society, for it affected the demand for and supply of raw materials, finished products, food, and labour power. Especially in the proto-industrially advanced countries, the development of industrial commodity production in the countryside contributed to the stimulation of agriculture which, in its turn, effected the transformation of the agrarian relations of production.

Finally proto-industrialization is closely related to the formation not only of inter-regional but also of international markets; indeed, to the development of a ‘world system’ dominated by those metropolitan countries of Europe which had advanced furthest on the road to capitalism and therefore came to constitute its core. 32 To be sure, the origins of this world system must not be sought in proto-industrialization. To the contrary, the world system, and especially the ‘new colonialism’ characterized by the plantation economy and the slave trade, can be regarded as a contributing factor to the formation of
rural industrial regions. But as the world system took shape, the role of proto-
industrialization grew ever larger and more active: industrial products
constituted an increasing share of exports from the European core, and
industry’s demand for raw materials began to have economic and social
consequences for the overseas world, as can be shown for the case of cotton, its
newest and, in view of subsequent developments, its decisive branch. Thus,
proto-industrialization contributed, at an early stage, to the development of a
world-wide economic network of asymmetric relationships, which later – after
the core had changed over to the factory system – made it inevitable that the
backwardness of the periphery was continuously and massively reinforced by
the economic progress of the core.

These are the perspectives that underlie the study that follows. They form a
common point of departure for the substantive development of the concept of
proto-industrialization. Nonetheless, the three authors have remained in
disagreement over some questions, and their different interpretations did not
arise arbitrarily. To some extent their different views are implicit in various
research approaches that they have followed in the past, but they also appear in
a debate which is now getting under way about the problems of the transition
from feudally organized agrarian societies to industrial capitalism.

In many respects the question of the ‘systemic’ character of the basic
structures of proto-industrialization provides a clue to the controversy. The
exponents of the concept of a system (chapters 1, 2, 3, and 6) do not see the
‘history of the system of proto-industrialization’ in opposition to the ‘history of
its evolution’. To them the heuristic use of the concept of a system53 seemed
appropriate in order to analyse proto-industrialization as the specific ‘asynch-
ronous’ set of socio-economic interrelationships which characterize a typical
transformation period. The historical manifestations of the disintegration of the
old pre-capitalist social formations became an essential, indeed sometimes
structural, part of emerging capitalism.54 These manifestations of disintegration
gave to emerging capitalism a specifically historical character which distin-
guishes proto-industrial from industrial capitalism. During the proto-
industrial transition phase, devolutionary and evolutionary forces, the ‘post-
histoire’ of feudal agrarian society, whose economy was based on domestic family
units, and nascent capitalism merged into a unique social system. It gave to
proto-industrialization its Janus face and its proteme appearance,55 that
preclude any hasty identification of this transitional period as the ‘first phase of
the industrialization process’ (F. Mendels).56

Marx distinguished two roads of ‘transition from the feudal mode of
production’.57 On one side he mentioned the emergence of merchant capital on
the basis of pre-capitalist modes of production and on the other side the
‘revolutionary’ road of the capitalization of the production sphere itself. In the
transition debate these two roads have been regarded as being in contrast with
each other. The ‘systemic’ approach to proto-industrialization sees them as
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closely related to each other, indeed as forming two parts of the same historical process. Both modes of production were structural components of the proto-industrial system. Hence they formed a configuration of ‘transitional modes of production’, however much they differed in their historical importance. As long as proto-industrial capitalism had not exhausted its possibilities for expansion on the ‘broad foundation’ of the pre-capitalist mode of production, the second road was used only reluctantly. When, on occasion, it was taken it could quickly be left again in favour of the first road. Only when the problems arising in the process of proto-industrial growth could no longer be solved within the framework of the old production system did the process of circulation change into a mere element of the production process.

The third author (chapters 4 and 5) is in agreement with the first and second authors in that he does not consider proto-industrialization in its entirety as part of the old social formation of feudal agrarian society nor as part of the new formation of capitalism; but neither does he regard it as a unique third ‘system’ or as a system merged from these two. Behind the external appearance of domestic industry he sees quite divergent relations of production. They appear as different types of proto-industrialization when all regions and branches of proto-industry that existed at a given point in time are considered; but from a long-term perspective, they also reveal themselves as historical phases. For during the course of proto-industrialization the emphasis shifted from relations of production which were characterized by the independence of petty commodity producers in the sphere of production and the restriction of capital to the sphere of circulation, on one hand, to relations of production, on the other hand, where capital had entered into the sphere of production and increasingly limited the field of independent decision-making for the direct producers, turning them more and more into wage labourers. Thus, proto-industrialization contained within itself part of the great transformation process, during which the feudal system disintegrated and the capitalist system was formed. Within proto-industrialization, capitalist relations of production emerged, often haltingly, sometimes even subject to retrogression, perniciously and slowly, especially when compared with early centralized manufactures. But they developed on a much broader front than they did in centralized manufactures, indeed the broadest front within the secondary sector. The formation of such relations of production is seen as a factor of strategic importance for the breakthrough of the Industrial Revolution which forced all other societies either to industrialize as well or to succumb to increasing dependence.

This perspective implies the construction not of one system of proto-industrialization but of several models of its most important types and phases. These models will be constructed by further developing categories which, in rudimentary form, are implied in the critique of political economy. In this way an attempt will be made to clarify a number of questions which appear